



**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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## REPORT OF INDEPENDENT ACCOUNTANTS

Ashland Public Library  
Ashland County  
224 Claremont Avenue  
Ashland, Ohio 44805

To the Board of Trustees:

We have audited the accompanying financial statements of the Ashland Public Library, Ashland County, Ohio, (the Library) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2001, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Ashland Public Library  
Ashland County  
Report of Independent Accountants  
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This report is intended solely for the information and use of the audit committee, management, Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

February 23, 2001

**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
State Library Local Government Support	\$1,332,372			\$1,332,372
Other Government Grants-In-Aid	9,357			9,357
Patron Fines and Fees	48,998			48,998
Earnings on Investments	117,954			117,954
Services Provided to Other Entities	1,466			1,466
Contributions, Gifts and Donations	5,113	\$772	\$320	6,205
Miscellaneous	3,398			3,398
<b>Total Cash Receipts</b>	<u>1,518,658</u>	<u>772</u>	<u>320</u>	<u>1,519,750</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	698,225			698,225
Supplies	39,943			39,943
Purchased and Contracted Services	143,753	7,435		151,188
Library Materials and Information	257,786		1,982	259,768
Other	10,356			10,356
Capital Outlay	2,510	227,846		230,356
<b>Total Cash Disbursements</b>	<u>1,152,573</u>	<u>235,281</u>	<u>1,982</u>	<u>1,389,836</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>366,085</u>	<u>(234,509)</u>	<u>(1,662)</u>	<u>129,914</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		160,000		160,000
Transfers-Out	(160,000)			(160,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(160,000)</u>	<u>160,000</u>		
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>206,085</u>	<u>(74,509)</u>	<u>(1,662)</u>	<u>129,914</u>
<b>Fund Cash Balances, January 1</b>	<u>240,853</u>	<u>1,218,491</u>	<u>221,186</u>	<u>1,680,530</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$446,938</b></u>	<u><b>\$1,143,982</b></u>	<u><b>\$219,524</b></u>	<u><b>\$1,810,444</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u>\$242,015</u>	<u>\$238,421</u>	<u>\$211</u>	<u>\$480,647</u>

*The notes to the financial statements are an integral part of this statement.*

**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
State Library Local Government Support	\$1,234,727			\$1,234,727
Other Government Grants-In-Aid	7			7
Patron Fines and Fees	48,074			48,074
Earnings on Investments	64,870			64,870
Services Provided to Other Entities	1,310			1,310
Contributions, Gifts and Donations	4,737		\$515	5,252
Miscellaneous	3,795			3,795
	<u>1,357,520</u>		<u>515</u>	<u>1,358,035</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	611,356			611,356
Supplies	30,909			30,909
Purchased and Contracted Services	144,131	\$1,047		145,178
Library Materials and Information	234,898			234,898
Other	12,932			12,932
Capital Outlay	5,021	212,963	1,685	219,669
	<u>1,039,247</u>	<u>214,010</u>	<u>1,685</u>	<u>1,254,942</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>318,273</u>	<u>(214,010)</u>	<u>(1,170)</u>	<u>103,093</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		300,000		300,000
Transfers-Out	<u>(300,000)</u>			<u>(300,000)</u>
	<u>(300,000)</u>	<u>300,000</u>		
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	18,273	85,990	(1,170)	103,093
Fund Cash Balances, January 1	<u>222,580</u>	<u>1,132,501</u>	<u>222,356</u>	<u>1,577,437</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$240,853</b></u>	<u><b>\$1,218,491</b></u>	<u><b>\$221,186</b></u>	<u><b>\$1,680,530</b></u>
Reserves for Encumbrances, December 31	<u>\$118,044</u>	<u>\$14,653</u>	<u>\$72</u>	<u>\$132,769</u>

*The notes to the financial statements are an integral part of this statement.*



**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Ashland Public Library, Ashland County, Ohio, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a seven member Board of Trustees appointed by the Ashland City School District Board of Education. However, the Library is not legally obligated or financially responsible to the Ashland City School District. The Library provides the community with various educational and literary resources.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of Deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**D. Fund Accounting**

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. Fund Accounting - (Continued)**

**2. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant Capital Projects Funds:

Building Equipment and Repair Fund - This fund receives money from the General Fund to make land improvements, repair and maintain property, and purchase furniture and equipment.

Bookmobile Replacement Fund - This fund provides for the accumulation of funds used to replace the bookmobile.

**3. Fiduciary Fund (Trust Fund)**

The Trust fund is used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant fiduciary fund:

Expendable Trust Memorial Trust Fund - This fund receives donations to purchase library materials, supplies, and equipment.

**E. Budgetary Process**

The Ohio Administrative Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**E. Budgetary Process**

**3. Encumbrances**

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Library maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$323,384	\$216,547
Certificates of deposit	<u>1,110,037</u>	<u>1,109,730</u>
Total deposits	1,433,421	1,326,277
 STAR Ohio	 <u>377,023</u>	 <u>354,253</u>
Total deposits and investments	<u><u>\$1,810,444</u></u>	<u><u>\$1,680,530</u></u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,463,824	\$1,518,658	\$54,834
Capital Projects	772	160,772	160,000
Fiduciary	320	320	0
Total	<u>\$1,464,916</u>	<u>\$1,679,750</u>	<u>\$214,834</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,692,701	\$1,554,588	\$138,113
Capital Projects	1,219,263	473,702	745,561
Fiduciary	221,506	2,193	219,313
Total	<u>\$3,133,470</u>	<u>\$2,030,483</u>	<u>\$1,102,987</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,341,790	\$1,357,520	\$15,730
Capital Projects	0	300,000	300,000
Fiduciary	490	515	25
Total	<u>\$1,342,280</u>	<u>\$1,658,035</u>	<u>\$315,755</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,564,371	\$1,457,291	\$107,080
Capital Projects	1,132,501	228,663	903,838
Fiduciary	222,846	1,757	221,089
Total	<u>\$2,919,718</u>	<u>\$1,687,711</u>	<u>\$1,232,007</u>

**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. GRANTS-IN-AID AND TAX RECEIPTS**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library on account of any additional revenues realized by the Library.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Government Grants-In-Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Library district.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**5. RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 2000.

**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public officials' liability
- Employer's liability
- Errors and omissions

The Library also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Ashland Public Library  
Ashland County  
224 Claremont Avenue  
Ashland, Ohio 44805

To the Board of Trustees:

We have audited the accompanying financial statements of the Ashland Public Library, Ashland County, Ohio, (the Library) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 23, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-00503-001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated February 23, 2001.

Ashland Public Library  
Ashland County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

February 23, 2001



**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2000-00503-001**

**Finding for Recovery Repaid Under Audit**

During our testing of Other Government Grants-In-Aid receipts, we noted an unusual deposit from the State of Ohio in the amount of \$9,350.68 for homestead and rollback property tax reductions.

Upon inquiry and review, the Ashland County Auditor's Office (County Auditor) asserted the \$9,350.68 was incorrectly provided to the Library and should have been received by the Ashland City School District (District) to pay the principal and interest on Improvement Bonds previously issued by the District on behalf of the Library. The County Auditor also asserted the error occurred because the County provided certain incorrect information to the State regarding where and to whom the homestead and rollback payment should be made.

Pursuant to Ohio Revised Code Section 117.01, any money received, collected by, or due a public office under the color of office, as well as any money collected by any individual on behalf of a public office or as a purported representative or agent of the public office constitutes public money that should be deposited with the public office.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery is issued against the Ashland Public Library's General Fund, in the amount of \$9,350.68, and in favor of the Ashland City School District.

On March 9, 2001, the Library remitted payment in the amount of \$9,350.68 to the District, and it was subsequently deposited and recorded by the District on March 20, 2001.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**ASHLAND PUBLIC LIBRARY**

**ASHLAND COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 10, 2001**